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Canada's New Government Introduces New Measures to Enhance Fairness, and Transparency in Procurement

For immediate release

OTTAWA, Ontario, September 19, 2007 – The Honourable Michael M Fortier, Minister of Public Works and Government Services, and the Honourable Vic Toews, President of the Treasury Board, today announced two new milestones in the implementation of the *Federal Accountability Act* – the appointment of a Procurement Ombudsman Designate and the introduction of the *Code of Conduct for Procurement*.

Mr. Shahid Minto has been appointed the Procurement Ombudsman Designate.

"Mr. Minto's work will enhance procurement practices across government by ensuring the highest standards of ethical conduct are followed. This will increase Canadians' confidence in the accountability and transparency of federal procurement activities," said Minister Fortier. "The Procurement Ombudsman Designate will reinforce the commitment by Canada's New Government to ensuring a fair, open and transparent procurement system," he added.

Procurement Ombudsman Designate
As Procurement Ombudsman Designate, Mr. Minto's immediate duties will involve setting up a permanent office, and developing administrative standards, policies and procedures for his Office.

"The first priority of Canada's New Government when we took office was to restore accountability to Ottawa," said Minister Toews. "This announcement demonstrates our government's commitment to ensuring openness and transparency through the *Federal Accountability Act*," he added.

Code of Conduct for Procurement
With the introduction of the *Code of Conduct for Procurement*, the government will ensure public servants and suppliers are working from the same statement of expectations and commitments that outline acceptable conduct in federal procurement.

"The *Code* is an important measure in fostering a stronger relationship between the government and the private sector, while ensuring this relationship is built on transparency, accountability and the highest ethical conduct," said Minister Fortier.

The *Code* integrates the feedback received from on-line consultations with government procurement officers, suppliers and members of the general public in February and March 2007.

This announcement is part of the implementation of the *Federal Accountability Act* (FedAA). Through the FedAA and its companion Action Plan, Canada's New Government has brought forward specific measures to strengthen accountability in government. More information on the FedAA and Action Plan is available at www.accountability.ca.

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Ce texte est également disponible en français.

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Backgrounder

The Government introduces new measures to strengthen procurement:
The Procurement Ombudsman Designate and The *Code of Conduct for Procurement*

The Procurement Ombudsman Designate

The *Federal Accountability Act* (FedAA) provides for the appointment of a Procurement Ombudsman to review the procurement practices of federal departments and agencies on an ongoing basis, to verify their fairness and transparency, to recommend improvements, and to review complaints from suppliers.

The FedAA also provides for the establishment of regulations to prescribe the duties and functions of the Ombudsman. The regulations will need to be in place before sections 306 and 307 of the FedAA are brought into force to formally establish the Office of the Procurement Ombudsman.

Until these regulations are in place, Mr. Shahid Minto has been appointed as the Procurement Ombudsman Designate by the Governor in Council (GIC). Mr. Minto reports directly to the Minister of Public Works and Government Services.

Once the regulations for the Ombudsman are in place, Mr. Minto will address complaints regarding the procurement of goods and services to which Canada's Agreement on Internal Trade (AIT) would apply but where the contract value is below the AIT's monetary thresholds, which are $25,000 for goods and $100,000 for services. There may be some exceptions, such as the procurement of goods and services for national security.

Mr. Minto will also ensure that his independent work complements the mandates of other forums reviewing federal procurement, such as the Auditor General, or the Canadian International Trade Tribunal (CITT). Mr. Minto will submit an annual report to the Minister of Public Works and Government Services, which will be tabled in Parliament.

The *Code of Conduct* for Procurement

The government has announced another key milestone in the implementation of the *Federal Accountability Act* and Action Plan, with the introduction of the *Code of Conduct for Procurement*. The *Code* will aid the government in fulfilling its commitment to reform procurement, ensuring greater transparency, accountability, and the highest standards of ethical conduct.

The *Code* consolidates the government's existing legal, regulatory and policy requirements into a concise and transparent statement of the expectations the government has of its employees and its suppliers.

It ensures that public servants and suppliers are working from the same statement of expectations and commitments that clearly outline what is acceptable conduct when contracting with the government. Suppliers will not be required to have their own codes of conduct to do business with the government.

The *Code* complements other measures announced in the *Federal Accountability Act* and Action Plan – such as the appointment of a Procurement Ombudsman and of an Independent Advisor on Public Opinion Research practices – to strengthen openness, transparency and integrity in government procurement.

It provides a summary of existing law and does not change the law or its interpretation. The *Code* applies to all transactions covered by the Treasury Board Contracting Policy and requires that all those involved in government procurement abide by the legislation and policies outlined in the *Code*. It is a single point of reference to key responsibilities and obligations of public servants and vendors.

In developing the *Code*, the Government of Canada consulted broadly to seek input from key stakeholders – including suppliers, industry associations, government procurement officers and members of the general public. As part of the consultation process, a draft version of the *Code* was made available on the Public Works and Government Services Canada (PWGSC) Web site and on MERX, the government electronic tendering system.

The response to the *Code* from stakeholders was generally positive. A number of respondents suggested modifications to increase the clarity of the document, and these have been incorporated where appropriate. For example, an *Application* section was added to clarify that the provisions of the *Code* do not apply to Grants and Contributions. As well, in response to a number of comments received, the *Code* underwent further review to verify that it does not introduce any new obligations for vendors or public servants.

The *Code of Conduct for Procurement* is available on the PWGSC Web site at: http://www.tpsgc-pwgsc.gc.ca/acquisitions/text/cndt-cndct/tdm-toc-e.html.

The Government of Canada spends approximately $20 billion a year for goods and services. Other measures to strengthen the transparency and integrity of government procurement include:

- a legislated commitment to fairness, openness and transparency in the procurement process;
- promoting fairness, openness and transparency through the independent third-party review of a new *Policy on Managing Procurement*;
- including integrity provisions in contracts to preclude corruption, collusion, and the payment of contingency fees in the procurement process;
- providing accreditation and training for procurement officers; and
- removing barriers to access for smaller vendors and vendors in all regions of Canada.

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Biographical Backgrounder

The Procurement Ombudsman Designate: Mr. Shahid Minto

Mr. Shahid Minto is a chartered accountant with a master's degree in political science and a professional degree in law.

Shahid Minto is a highly experienced senior financial and program Public Sector executive who has specialized in examining and adding value to Canada's public policy and public administration by making fair and balanced recommendations arising from financial, regulatory and compliance reviews.

He has gained this expertise as a result of extensive experience with the Office of the Auditor General of Canada, which he joined in 1977. Mr. Minto was the Assistant Auditor General between 1989 and 2005. He has almost 30 years of experience in providing oversight and strengthening government operations including the management of civilian and military procurement, fixed and real property assets, financial management, privatization of government operations, foreign operations, transportation programs and the operation of Crown Corporations.

Prior to joining the Office of the Auditor General, Mr. Minto was employed in the private sector. He obtained his C.A. Designation while employed at Touche Ross & Co.

Immediately prior to his appointment as Procurement Ombudsman Designate, Mr. Minto was the Chief Risk Officer at Public Works and Government Services Canada since September 2005. He established the first Chief Risk Officer function in the federal government and successfully implemented its mandate to strengthen the fairness, transparency and accountability of the department's operations. This Office is also responsible for the department's Ethics and Fairness Monitoring Programs. In his position as Chief Risk Officer, Mr. Minto operated independently from operational management and reported directly to Public Works and Government Services Canada's Deputy Minister.

All times are reflected in Atlantic time
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